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Missouri Real Estate Malpractice Insurance Report

Statistics Section
June 2008



DIFP
Department of Insurance
Financial Institutions &
Professional Registration

MISSOURI REAL ESTATE MALPRACTICE INSURANCE REPORT 2007

**Department of Insurance, Financial Institutions &
Professional Registration
Statistics Section
June 2008**

Other Publications

Available from the Missouri Department of Insurance, Financial Institutions & Professional Registration

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Department of Insurance, Financial Institutions & Professional Registration
P.O. Box 690
Jefferson City, MO 65102-0690

1. ***Missouri Complaint Index Report***
summary information: <http://www.insurance.mo.gov/reports/complaint/index.htm>
2. ***Missouri Department of Insurance Annual Report***
summary information: http://www.insurance.mo.gov/aboutMDI/annual_report.htm
3. ***Missouri Legal Malpractice (Closed Claim) Report***
summary information: <http://www.insurance.mo.gov/reports/legmal/index.htm>
4. ***Missouri Life, Accident & Health Supplement Data***
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
5. ***Missouri Market Share Report***
summary information: <http://www.insurance.mo.gov/reports/mktshr.htm>
6. ***Missouri Medical Malpractice (Closed Claim) Report***
summary information: <http://www.insurance.mo.gov/reports/medmal/index.htm>
7. ***Missouri Product Liability (Closed Claim) Report***
summary information: <http://www.insurance.mo.gov/reports/prodliab/index.htm>
8. ***Missouri Property & Casualty Supplement Report***
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
9. ***Mortgage Guaranty Report***
summary information: <http://www.insurance.mo.gov/reports/mortguar/index.htm>
10. ***Private Passenger Automobile Report***
summary information: <http://www.insurance.mo.gov/reports/ppauto.pdf>
11. ***Missouri Health Maintenance Organization Report***
summary information: <http://www.insurance.mo.gov/reports/hmo/index.htm>

Databases: For more information: <http://www.insurance.mo.gov/reports/index.htm#aggdata>

1. Medicare Supplement Experience Data
2. Commercial Liability Experience Data
3. Missouri **Zip Code Insurance Data** for:
 - Homeowners/Dwelling Fire,
 - Farmowners (dwelling only),
 - Mobile Home,
 - Earthquake, and
 - Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the **Statistics Section at (573) 751-4126**.

Real Estate Malpractice Insurance Report

Executive Summary

This report summarizes Missouri real estate malpractice data for 1998 to 2007. The charts, graphs and tables are limited to closed claim information and were constructed from data collected by the department as required by Section 383.060 RSMo. The premium and loss data are presented in the final section. The data were obtained from the Missouri Page 20 Supplement to the companies' annual statements.

The loss ratio for real estate malpractice in Missouri during 2007 was 67 percent. In 2006 and 2007, the industry posted a pure profit on all premiums. Profits stem from corrections the industry has made for over-reserving on claims in previous years.

Of 97 claims closed in 2007, insurers paid an average of \$11,068 per claim. Closed claims, both with and without payments, increased substantially from 2006.

Over the last 10 years, 642 real estate malpractice claims were closed in Missouri — 159 (25 percent) with payment and 483 (75 percent) without payment.

In 2007, the average loss adjustment expense for all claims closed with payment was \$19,542. The expenses for all claims closed without payment averaged \$8,750.

In Section II, indemnities paid on closed claims are shown by claim characteristics. The number of closed claims, average paid claim and total amount paid are included in each of these six categories:

- Area of real estate in which the claims were filed.
- Major activity in which the agent was engaged when the alleged error or omission occurred.
- Alleged error or omission that was the most significant

reason for the claim.

- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

Six companies reported writing real estate malpractice insurance business in Missouri during 2007 with Continental Casualty Company commanding 58% of the market.

This report was compiled using information submitted by the insurance companies. As a result, the accuracy of this report is dependent upon the accuracy of each company's data. Copies of this report will be made available in braille, large print or on audio cassette upon request. Questions regarding this report should be directed to the Statistics Section, Department of Insurance, Financial Institutions & Professional Registration, P.O. Box 690, Jefferson City, Missouri 65102-0690.

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**TEN YEAR
SUMMARY
(1998 - 2007)**

REAL ESTATE MALPRACTICE INSURANCE

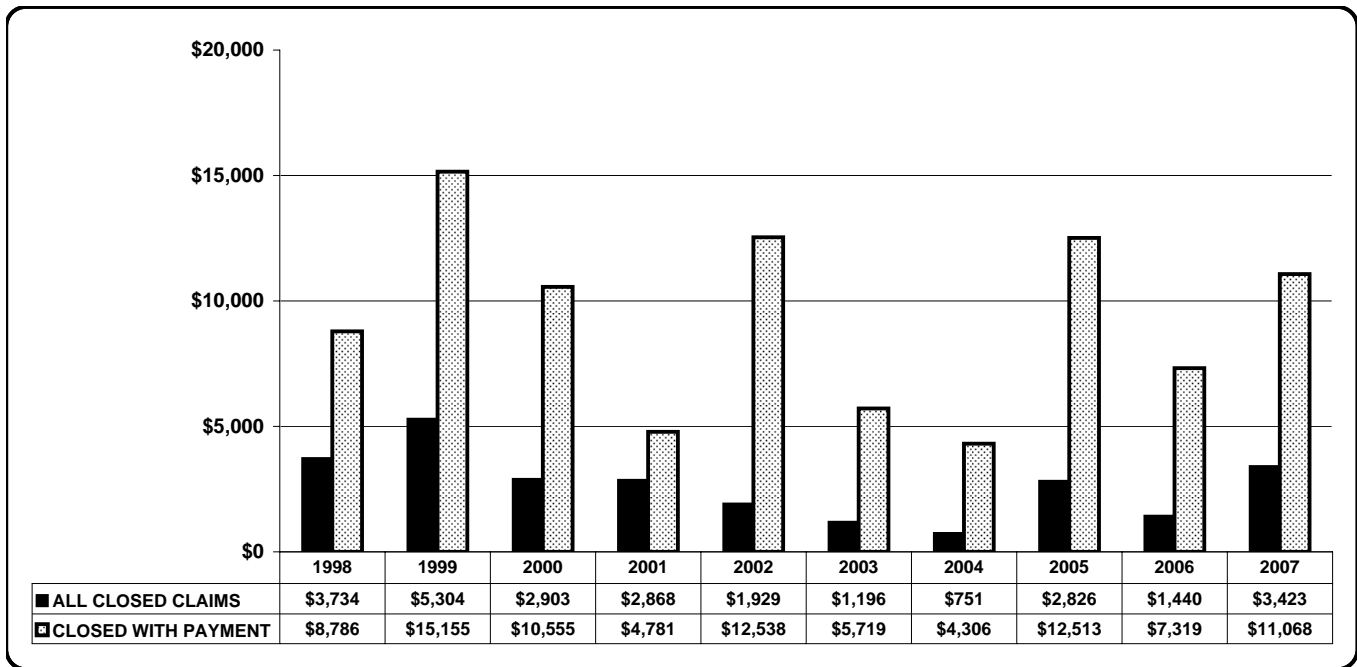
TEN YEAR SUMMARY

1998 - 2007

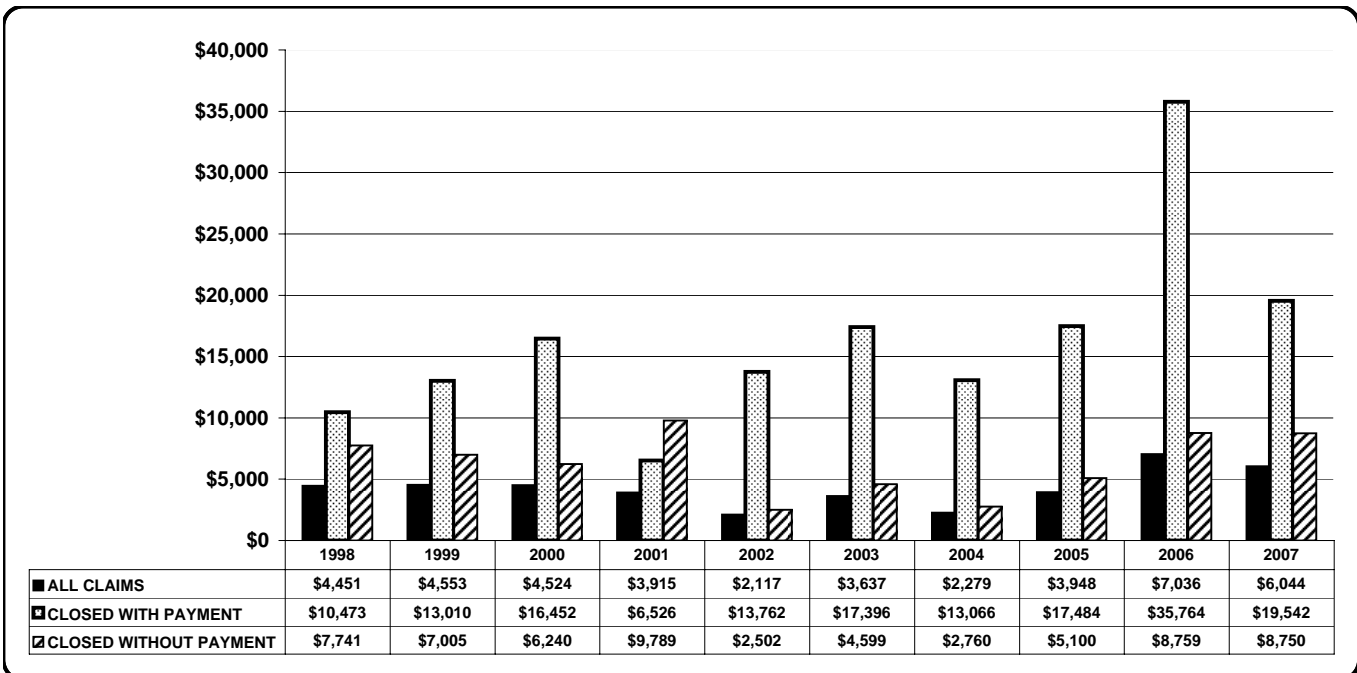
CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	642	100.0%	\$1,533,573	\$2,389	\$2,744,378	\$4,275
Closed with Payment	159	24.8%	\$1,533,573	\$9,645	\$1,784,975	\$11,226
Closed without Payment	483	75.2%	\$0	\$0	\$959,403	\$1,986

MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Average Paid Claim

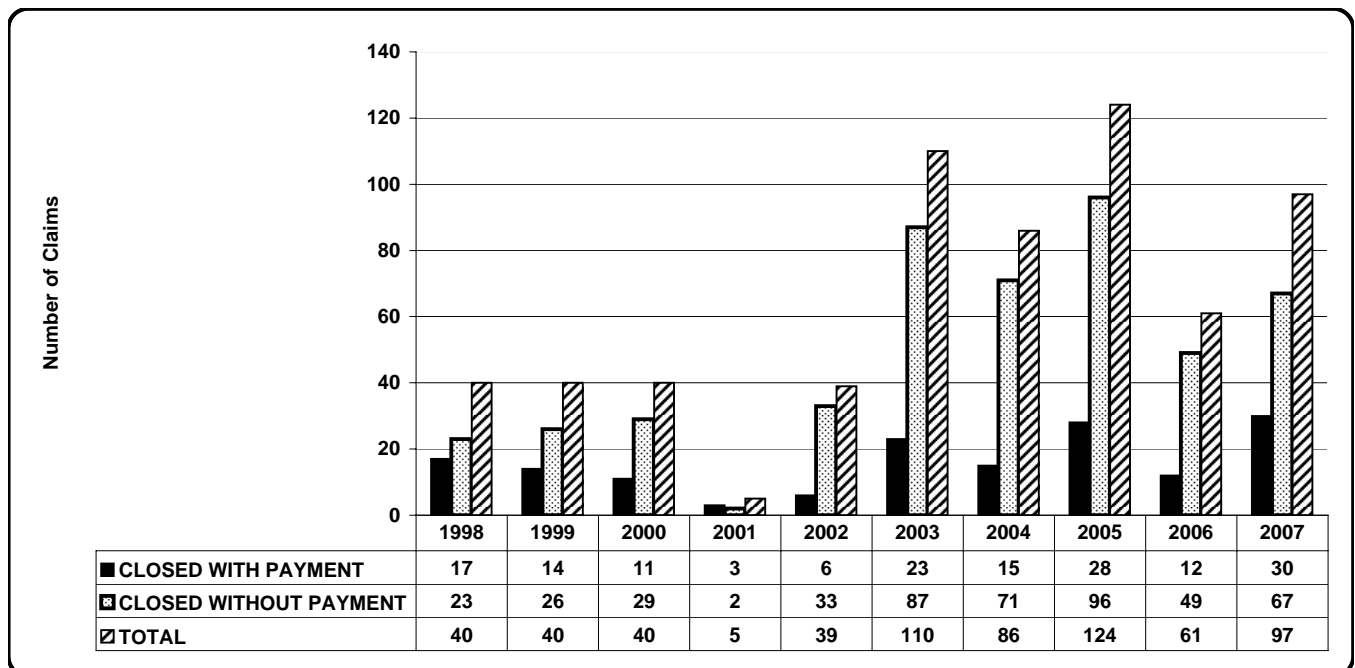


Average Paid Loss Adjustment Expense



MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Claim Count



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
AREA OF REAL ESTATE**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1998 - 2007

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	506	128	80.50%	\$9,560	\$1,223,673	79.79%	\$4,161
AS AGENT TO PROCURE PROPERTY TO PURCHASE	136	31	19.50%	\$9,997	\$309,900	20.21%	\$4,699
TOTAL	642	159	100.00%	\$9,645	\$1,533,573	100.00%	\$4,275

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

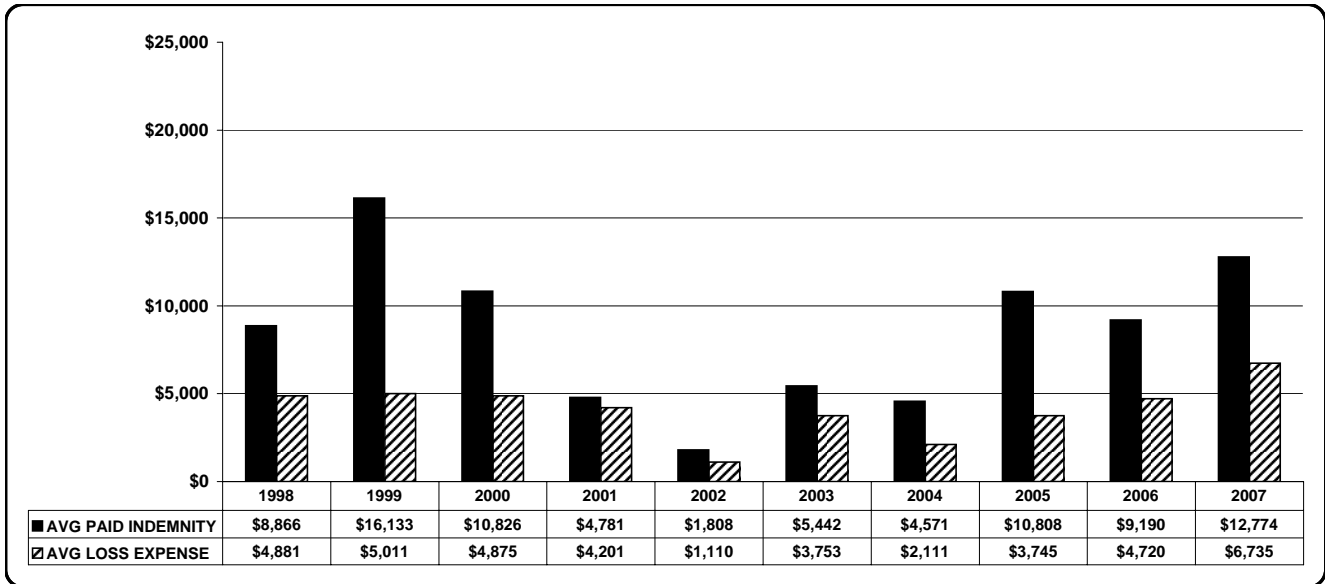
CLAIMS CLOSED IN 2007

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	73	22	73.33%	\$12,774	\$281,037	84.64%	\$6,735
AS AGENT TO PROCURE PROPERTY TO PURCHASE	24	8	26.67%	\$6,376	\$51,005	15.36%	\$3,942
TOTAL	97	30	100.00%	\$11,068	\$332,042	100.00%	\$6,044

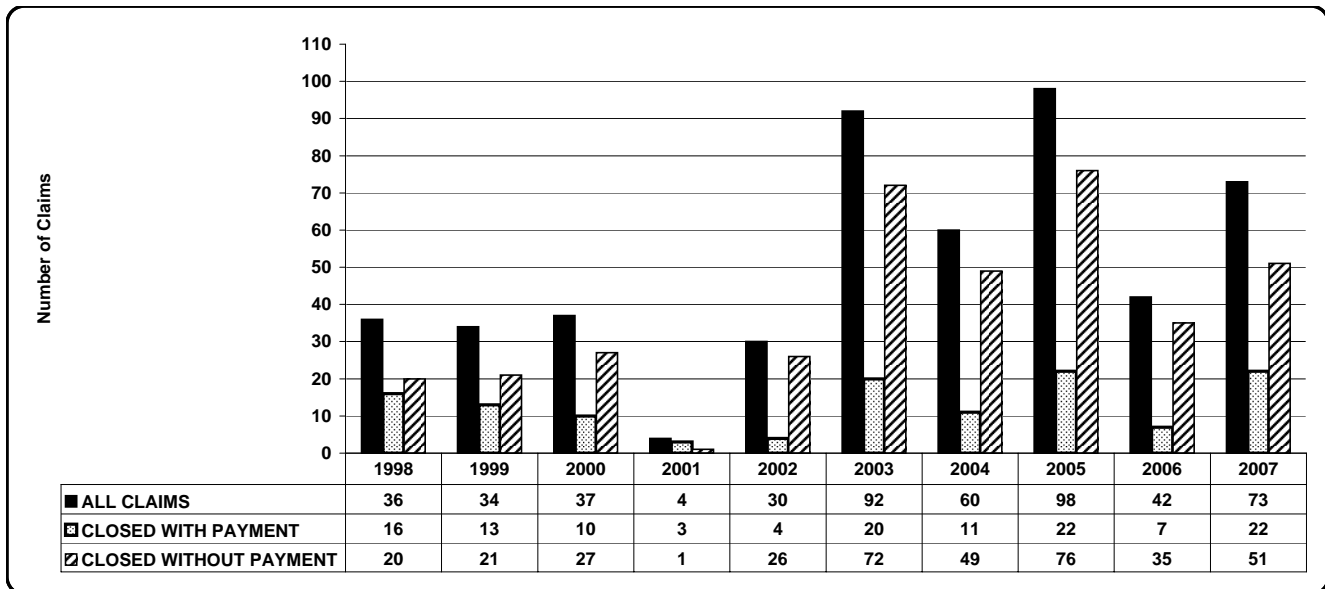
**AREA OF REAL ESTATE
TRENDS
OF
2007**

AS AGENT TO PROCURE PURCHASE OF PROPERTY

Average Paid Indemnity & Average Loss Expense

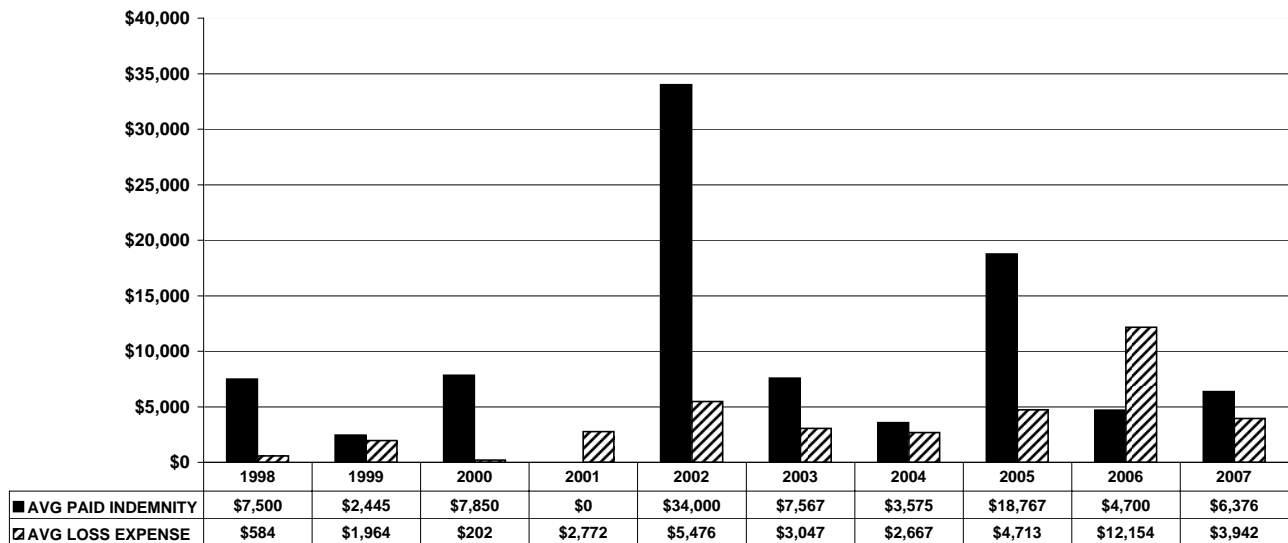


Claim Count

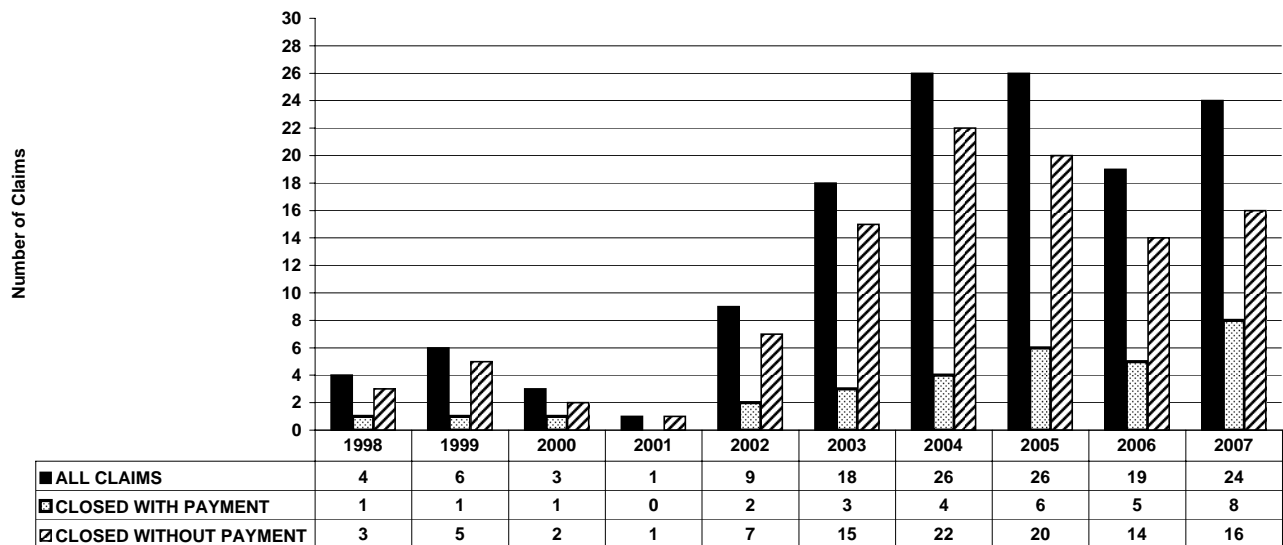


AS AGENT TO PROCURE PROPERTY TO PURCHASE

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
MAJOR ACTIVITY**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1998 - 2007

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	426	102	64.15%	\$9,562	\$975,302	63.60%	\$3,992
SHOWING PROPERTY	151	34	21.38%	\$8,649	\$294,076	19.18%	\$4,422
CLOSING AND TRANSFERRING TITLE	65	23	14.47%	\$11,487	\$264,195	17.23%	\$5,785
TOTAL	642	159	100.00%	\$9,645	\$1,533,573	100.00%	\$4,275

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

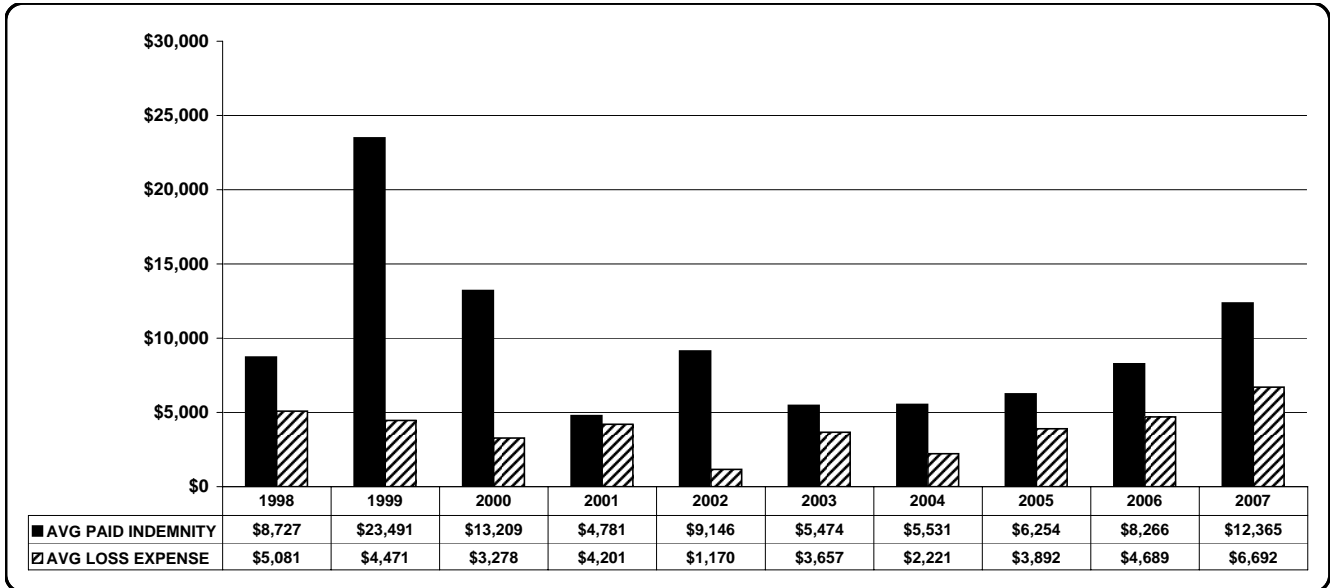
CLAIMS CLOSED IN 2007

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	58	20	66.67%	\$12,365	\$247,292	74.48%	\$6,692
SHOWING PROPERTY	23	3	10.00%	\$8,152	\$24,457	7.37%	\$3,519
CLOSING AND TRANSFERRING TITLE	16	7	23.33%	\$8,613	\$60,293	18.16%	\$7,324
TOTAL	97	30	100.00%	\$11,068	\$332,042	100.00%	\$6,044

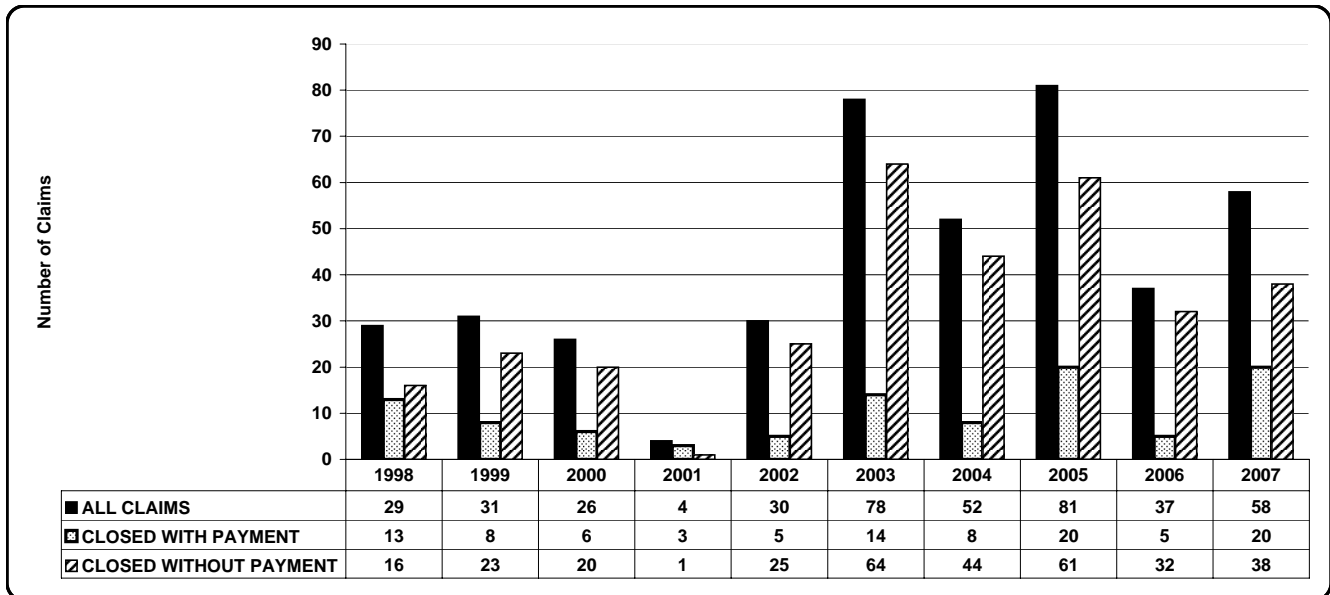
**MAJOR ACTIVITY
TRENDS
OF
2007**

LISTING THE PROPERTY FOR SALE

Average Paid Indemnity & Average Loss Expense

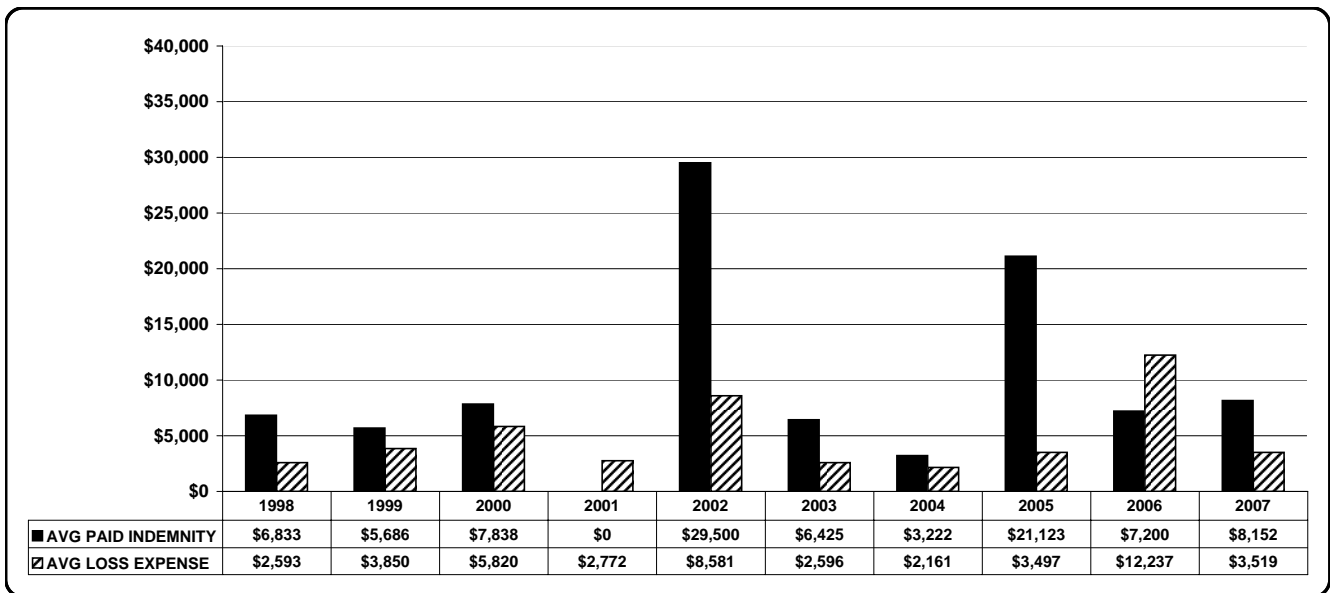


Claim Count

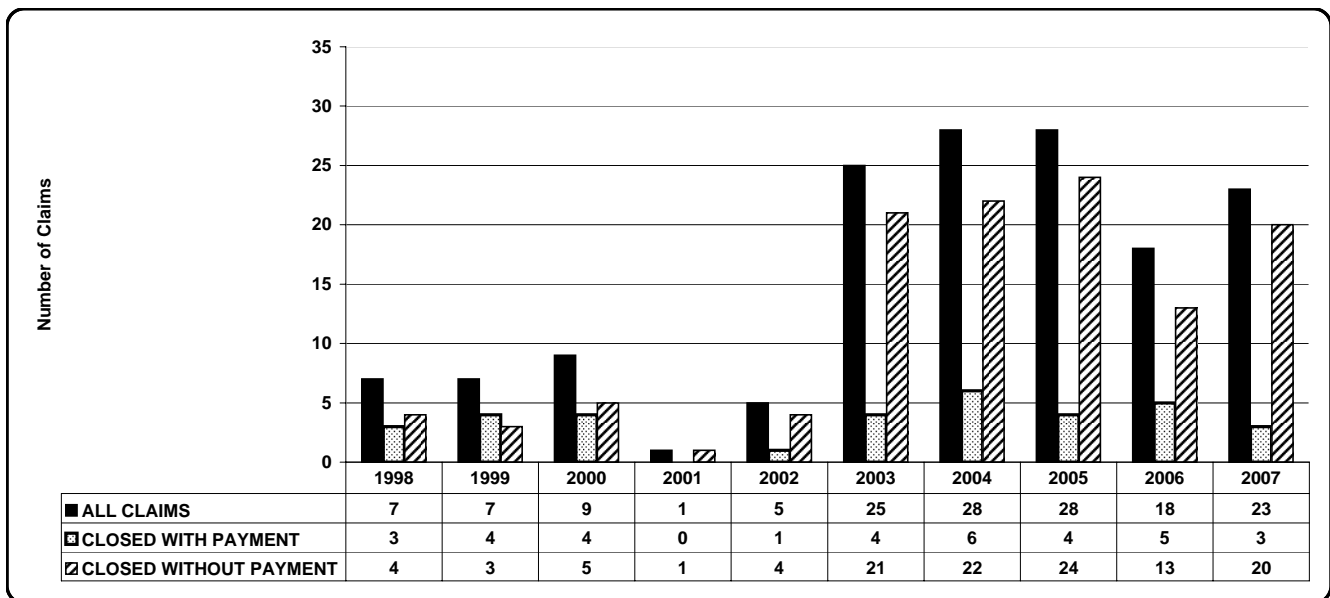


SHOWING PROPERTY

Average Paid Indemnity & Average Loss Expense

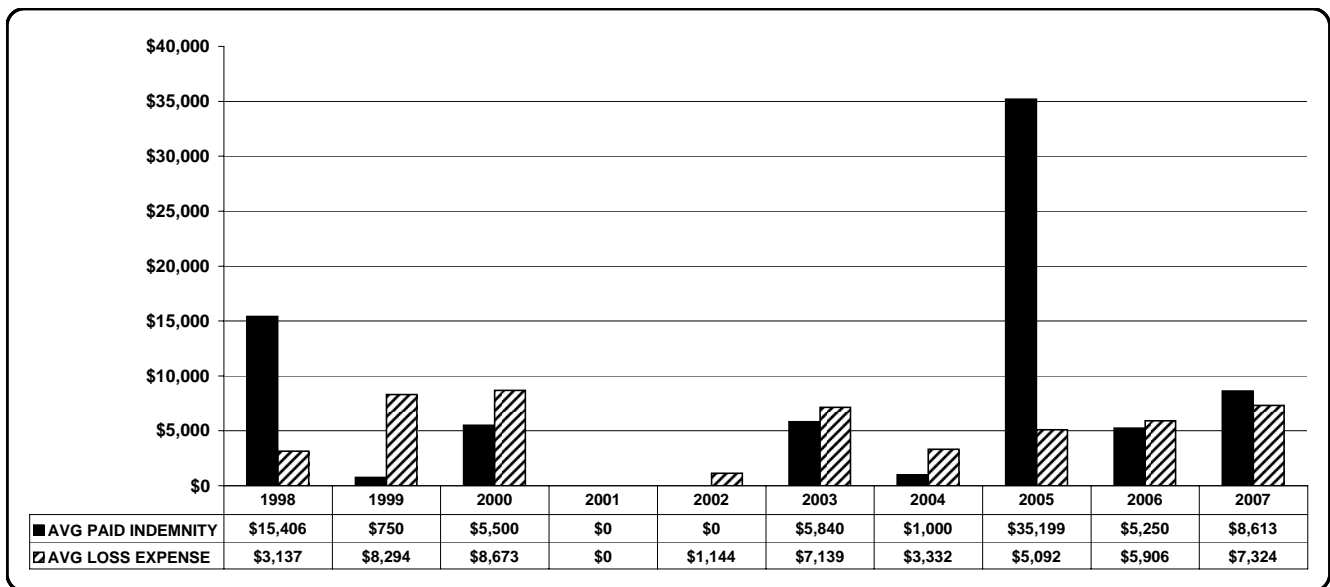


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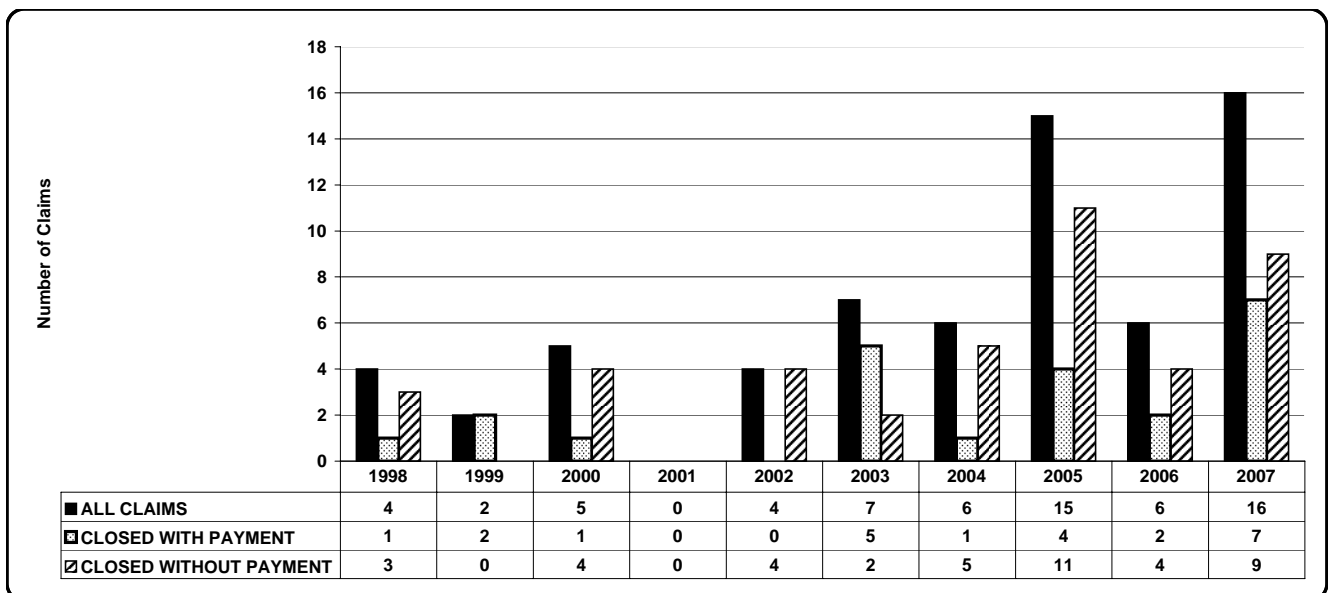


CLOSING AND TRANSFERRING TITLE

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
ALLEGED ERROR OR OMISSION**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1998 - 2007

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	449	126	79.25%	\$8,863	\$1,116,767	72.82%	\$4,828
OTHER	151	26	16.35%	\$13,696	\$356,106	23.22%	\$2,784
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	42	7	4.40%	\$8,671	\$60,700	3.96%	\$3,722
TOTAL	642	159	100.00%	\$9,645	\$1,533,573	100.00%	\$4,275

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

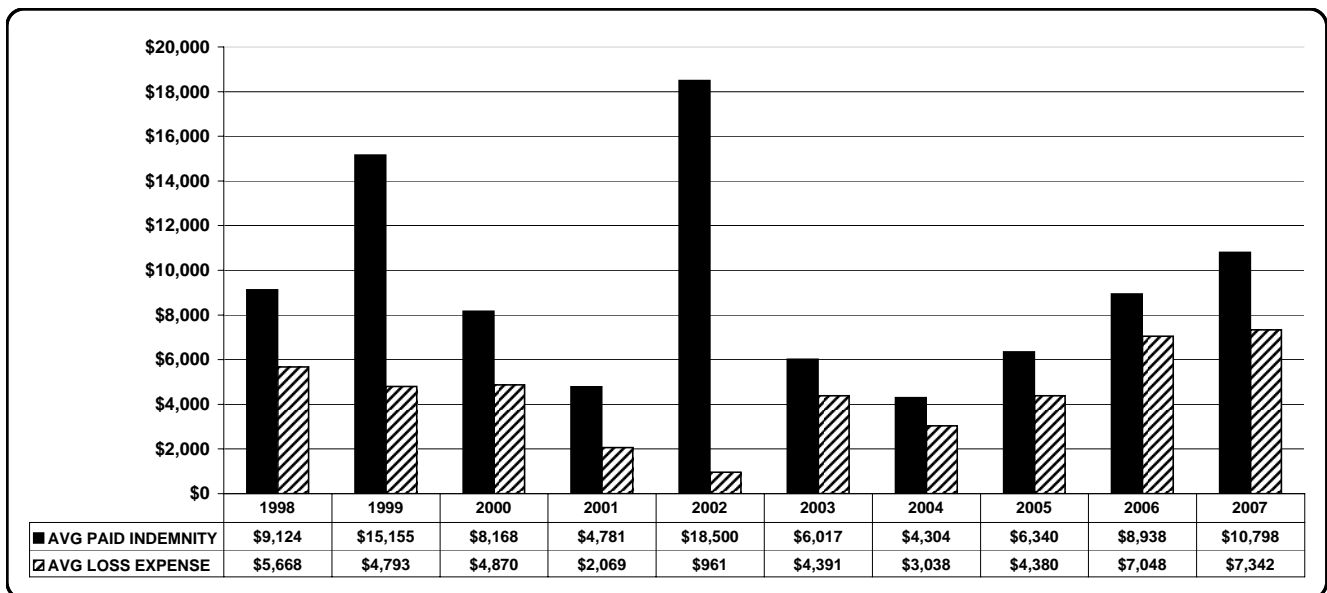
CLAIMS CLOSED IN 2007

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	71	27	90.00%	\$10,798	\$291,542	87.80%	\$7,342
OTHER	21	2	6.67%	\$14,000	\$28,000	8.43%	\$1,490
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	5	1	3.33%	\$12,500	\$12,500	3.76%	\$6,738
TOTAL	97	30	100.00%	\$11,068	\$332,042	100.00%	\$6,044

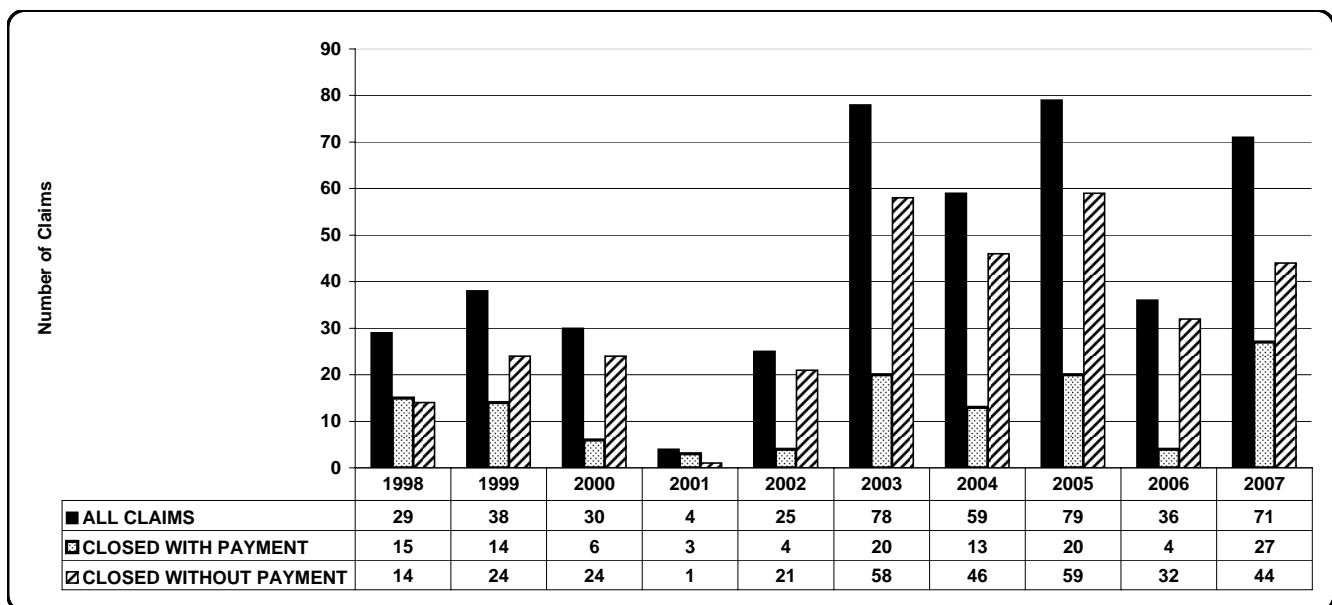
**ALLEGED ERROR OR OMISSION
TRENDS
OF
2007**

FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY

Average Paid Indemnity & Average Loss Expense

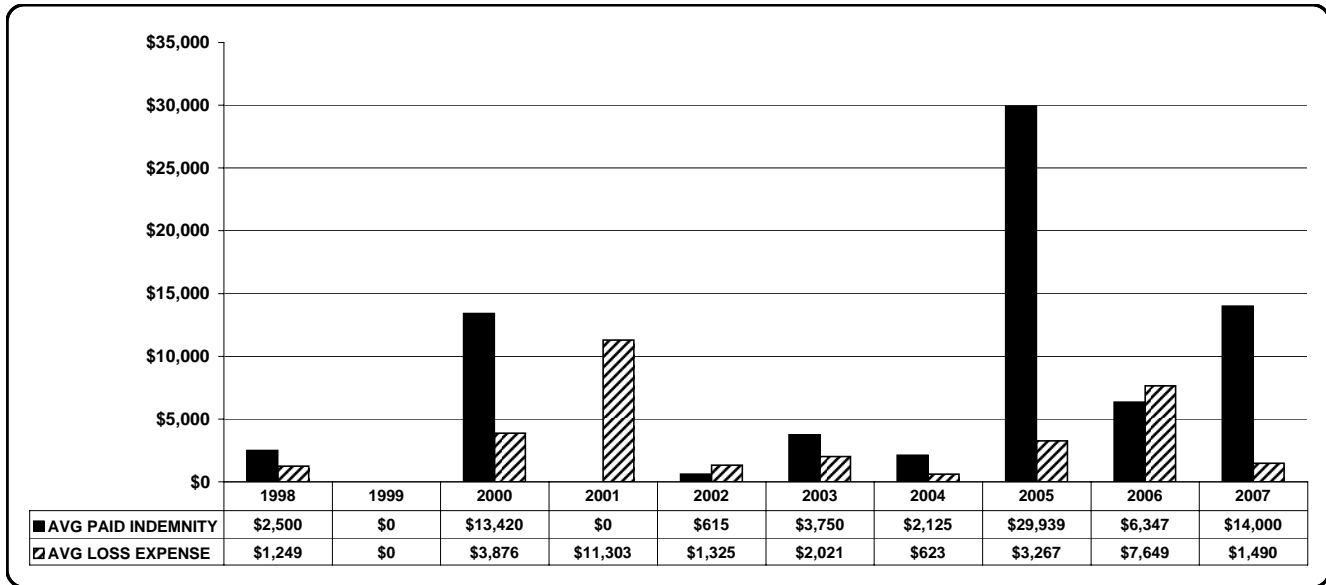


Claim Count

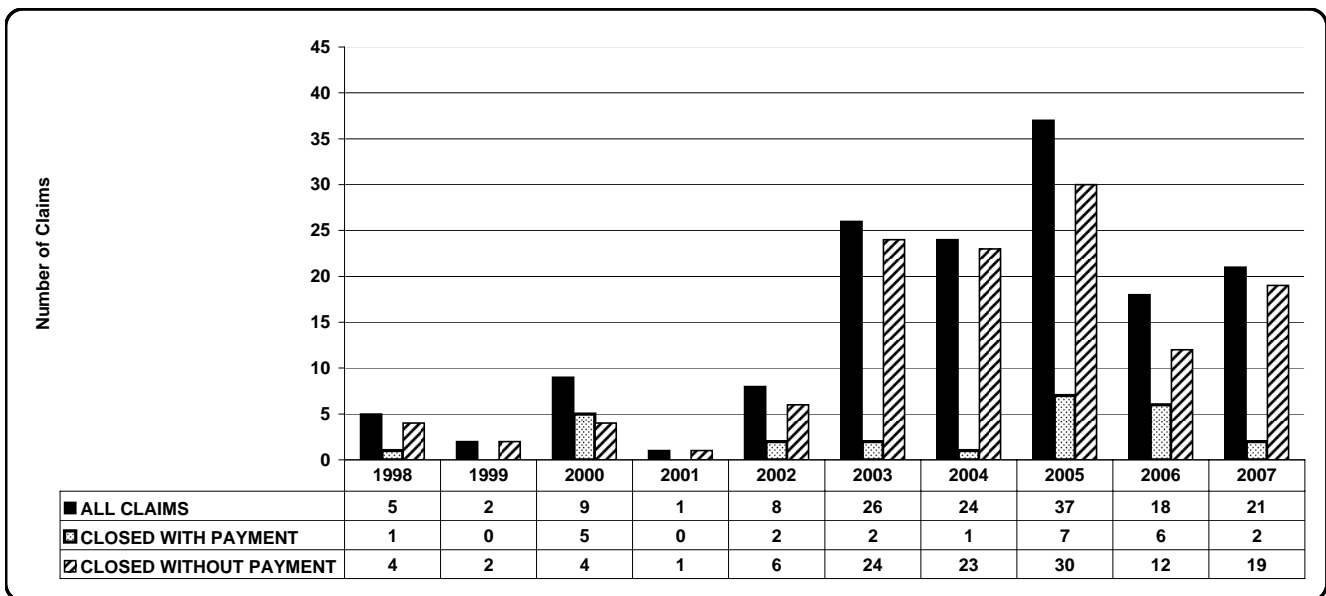


OTHER

Average Paid Indemnity & Average Loss Expense

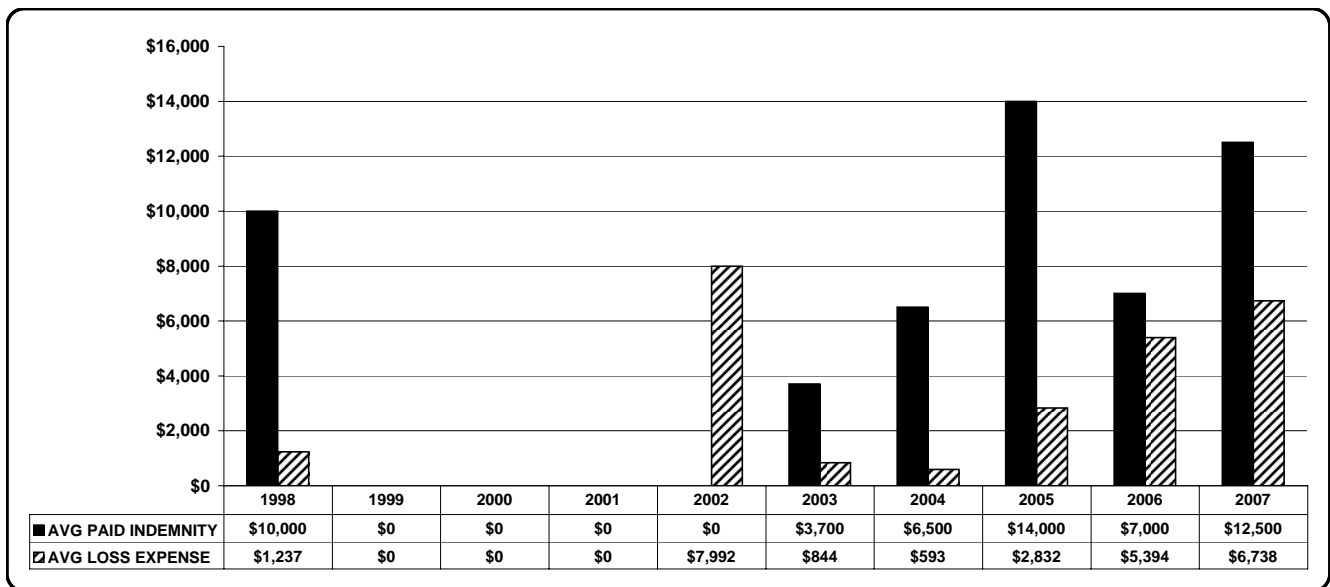


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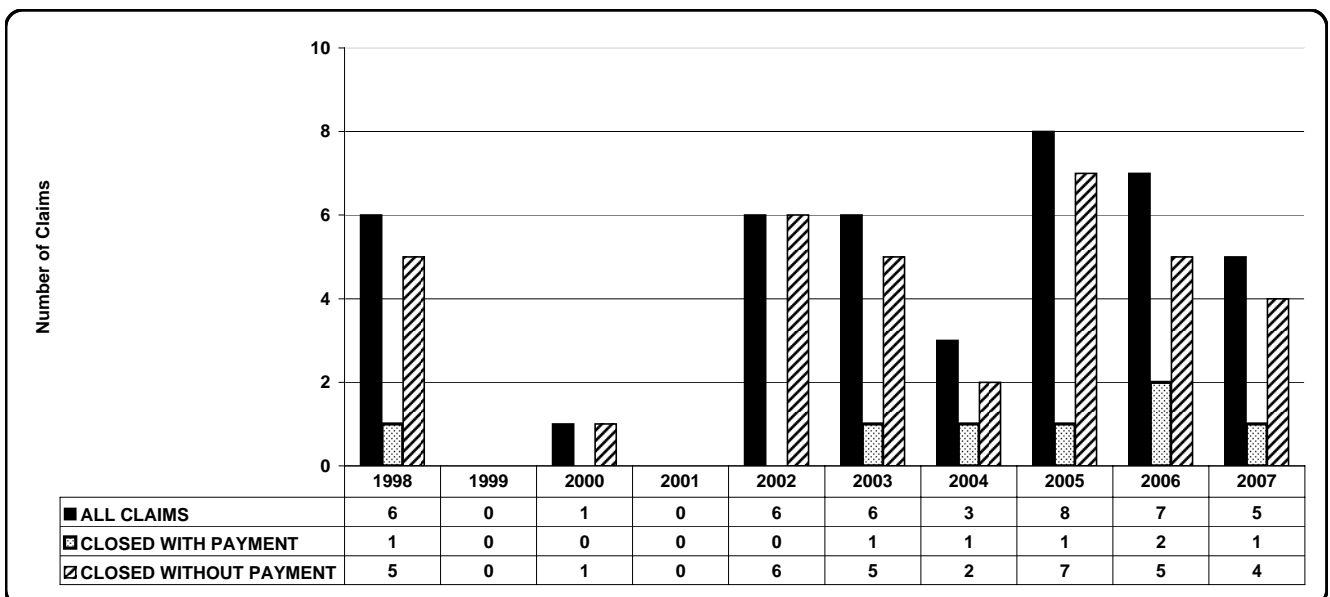


FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
CLAIM DISPOSITION**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1998 - 2007

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	254	33	20.75%	\$7,640	\$252,129	16.44%	\$755
BEFORE TRIAL OR HEARING	238	118	74.21%	\$9,332	\$1,101,118	71.80%	\$9,172
CLAIM OR SUIT ABANDONED	113	0	0.00%	\$0	\$0	0.00%	\$583
AFTER JUDGMENT, BEFORE APPEAL	28	6	3.77%	\$24,138	\$144,826	9.44%	\$8,733
DURING TRIAL OR HEARING	6	1	0.63%	\$30,000	\$30,000	1.96%	\$1,294
DURING APPEAL	2	1	0.63%	\$5,500	\$5,500	0.36%	\$18,129
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	1	0	0.00%	\$0	\$0	0.00%	\$15,174
TOTAL	642	159	100.00%	\$9,645	\$1,533,573	100.00%	\$4,275

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

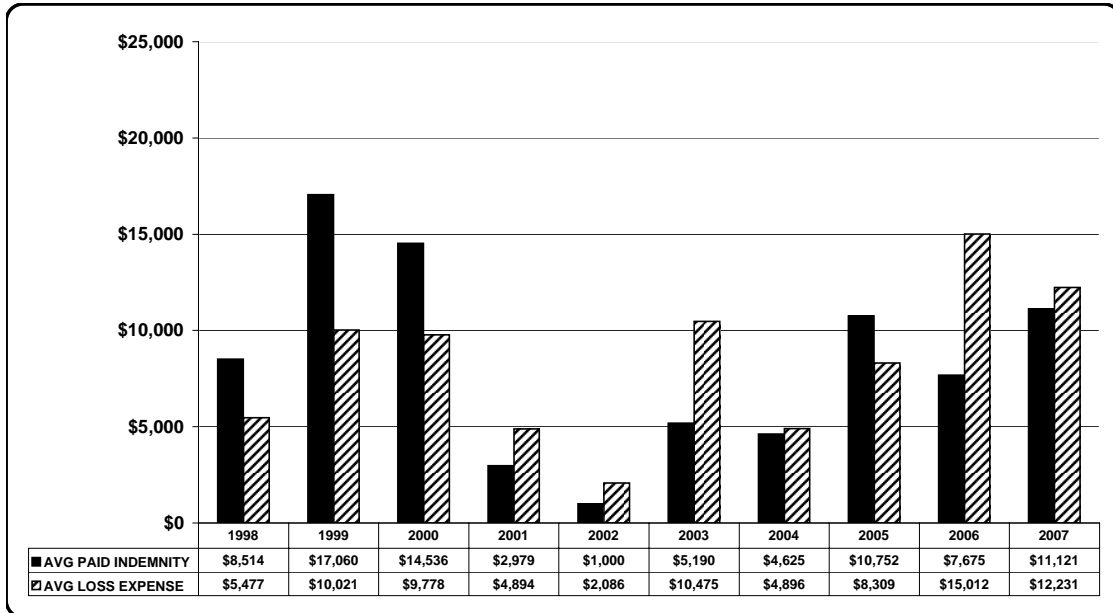
CLAIMS CLOSED IN 2007

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE TRIAL OR HEARING	37	23	76.67%	\$11,121	\$255,784	77.03%	\$12,231
BEFORE FILING SUIT OR DEMANDING HEARING	34	5	16.67%	\$10,660	\$53,301	16.05%	\$710
CLAIM OR SUIT ABANDONED	19	0	0.00%	\$0	\$0	0.00%	\$664
AFTER JUDGMENT, BEFORE APPEAL	6	2	6.67%	\$11,479	\$22,957	6.91%	\$13,625
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	1	0	0.00%	\$0	\$0	0.00%	\$15,174
TOTAL	97	30	100.00%	\$11,068	\$332,042	100.00%	\$6,044

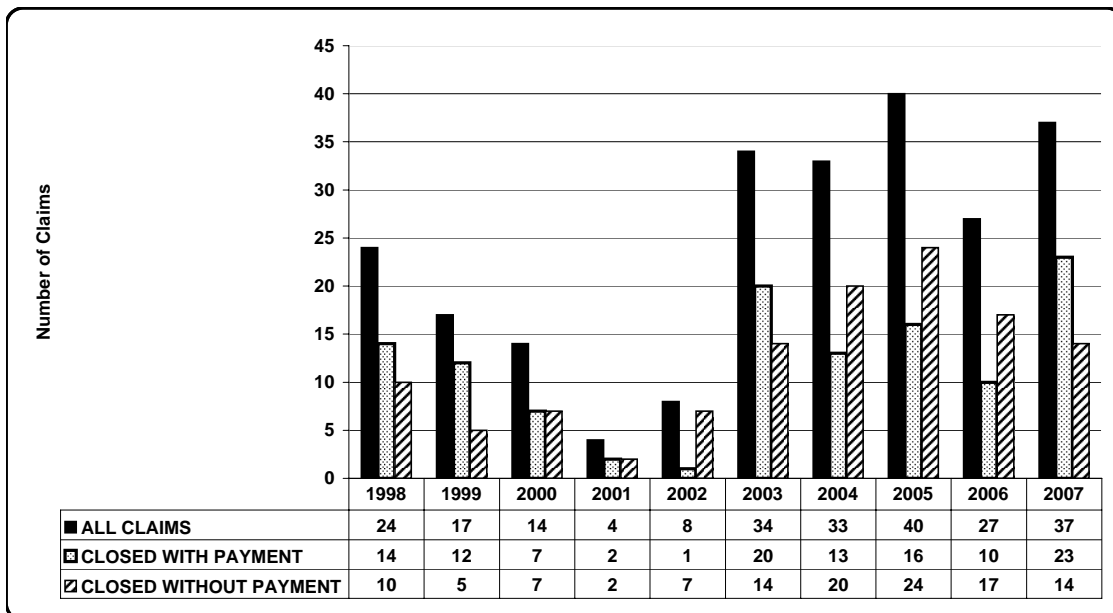
**CLAIM DISPOSITION
TRENDS
OF
2007**

BEFORE TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense

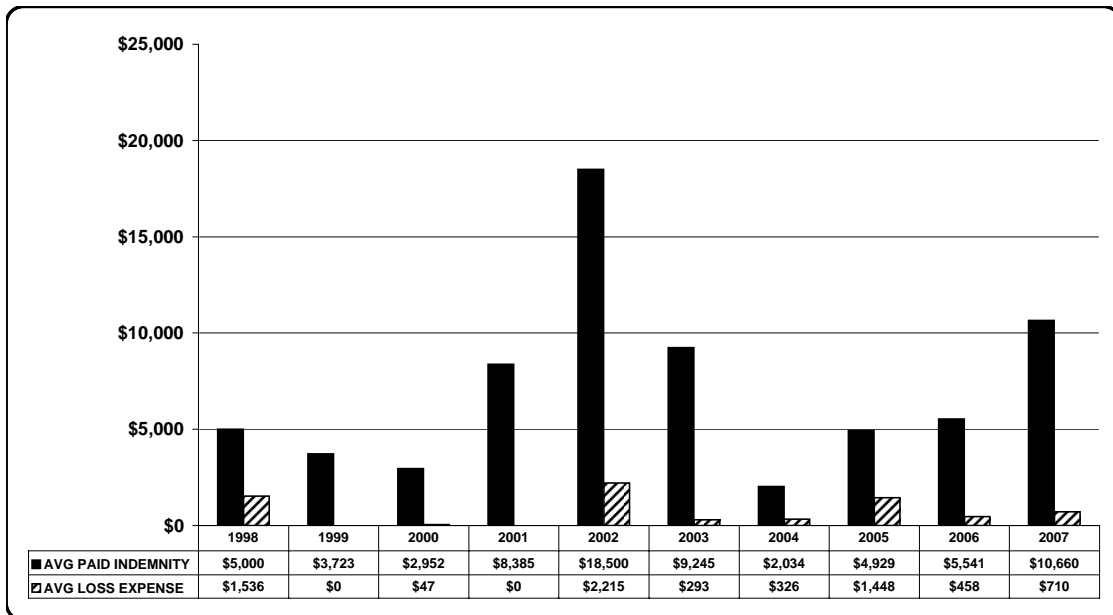


Claim Count

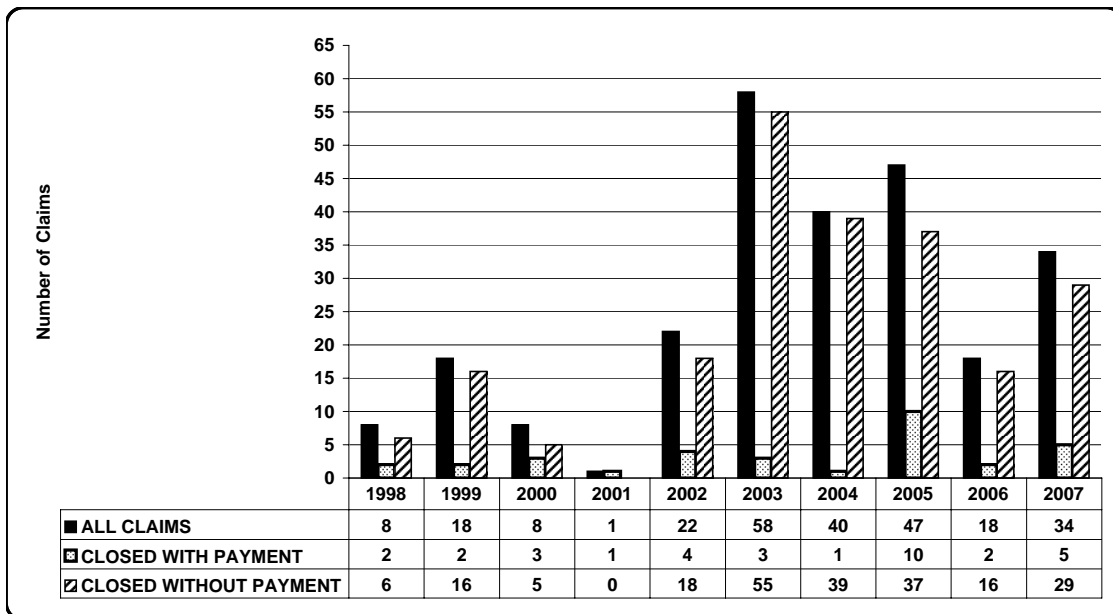


BEFORE FILING SUIT OR DEMANDING HEARING

Average Paid Indemnity & Average Loss Expense

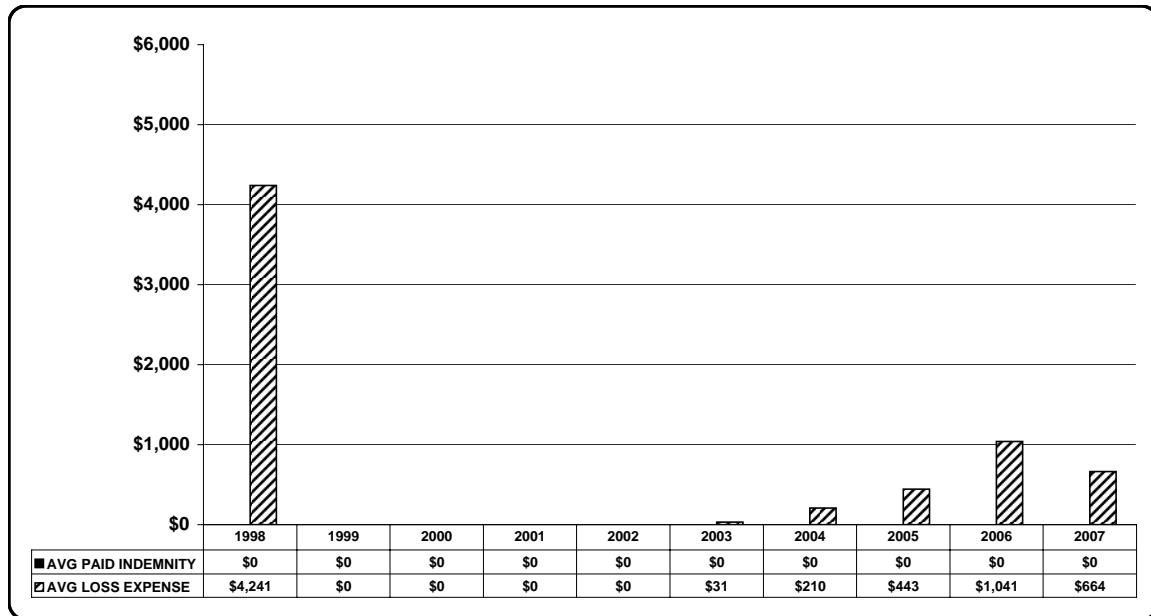


Claim Count

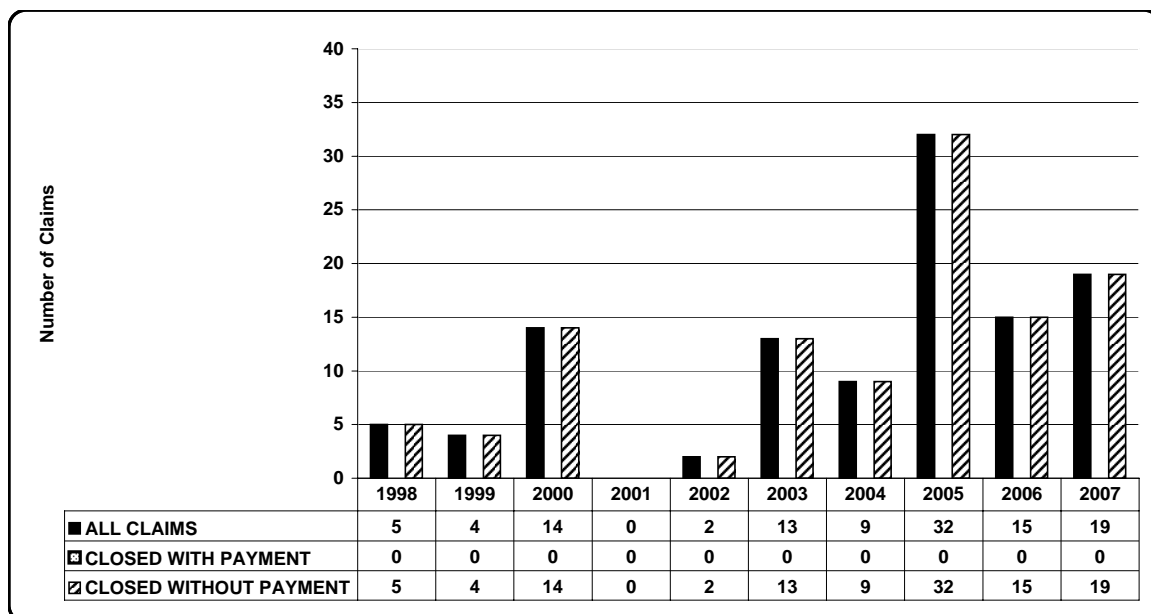


CLAIM OR SUIT ABANDONED

Average Paid Indemnity & Average Loss Expense

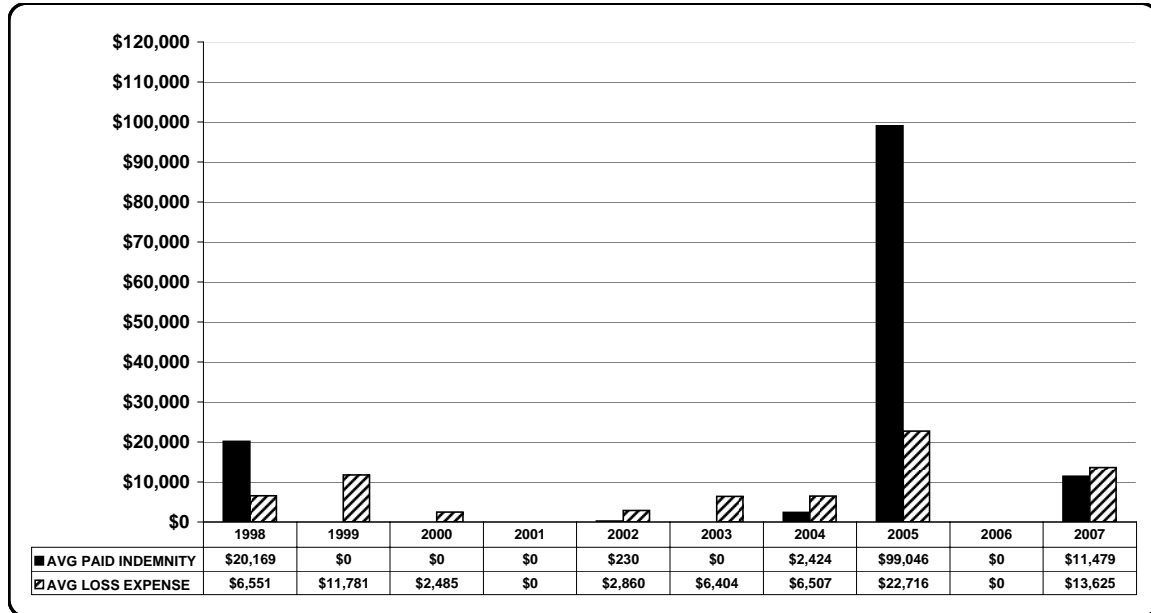


Claim Count

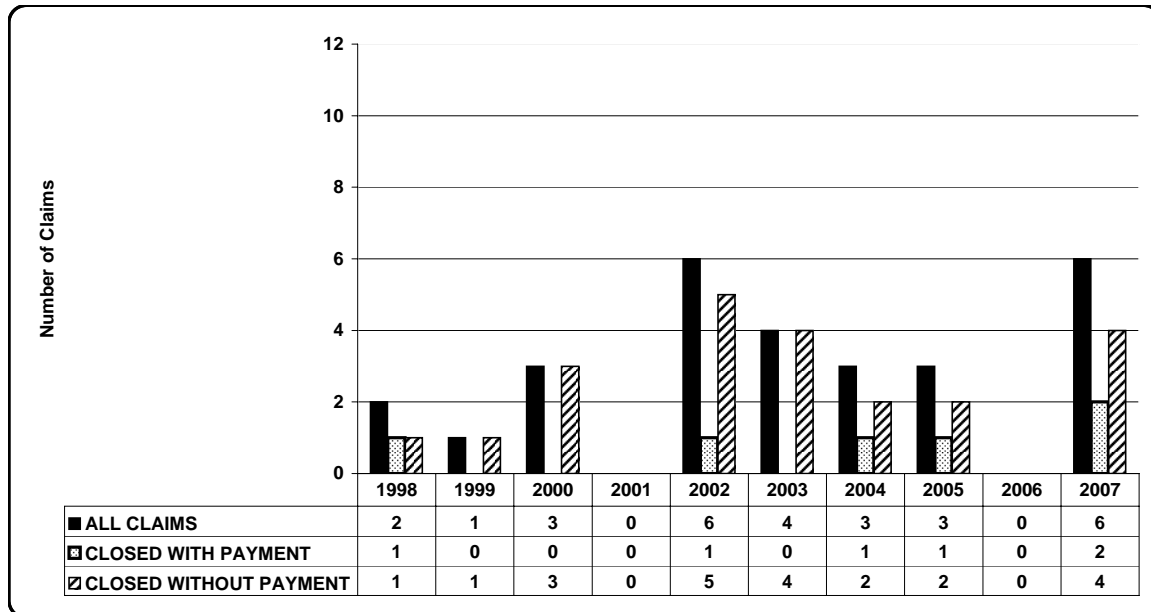


AFTER JUDGMENT, BEFORE APPEAL

Average Paid Indemnity & Average Loss Expense

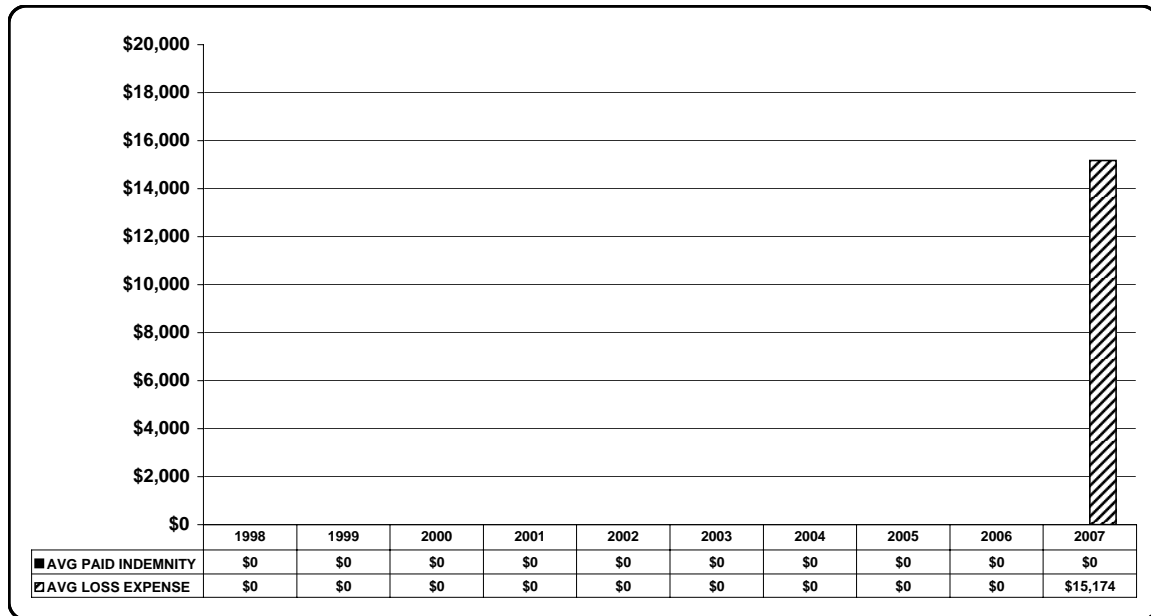


Claim Count

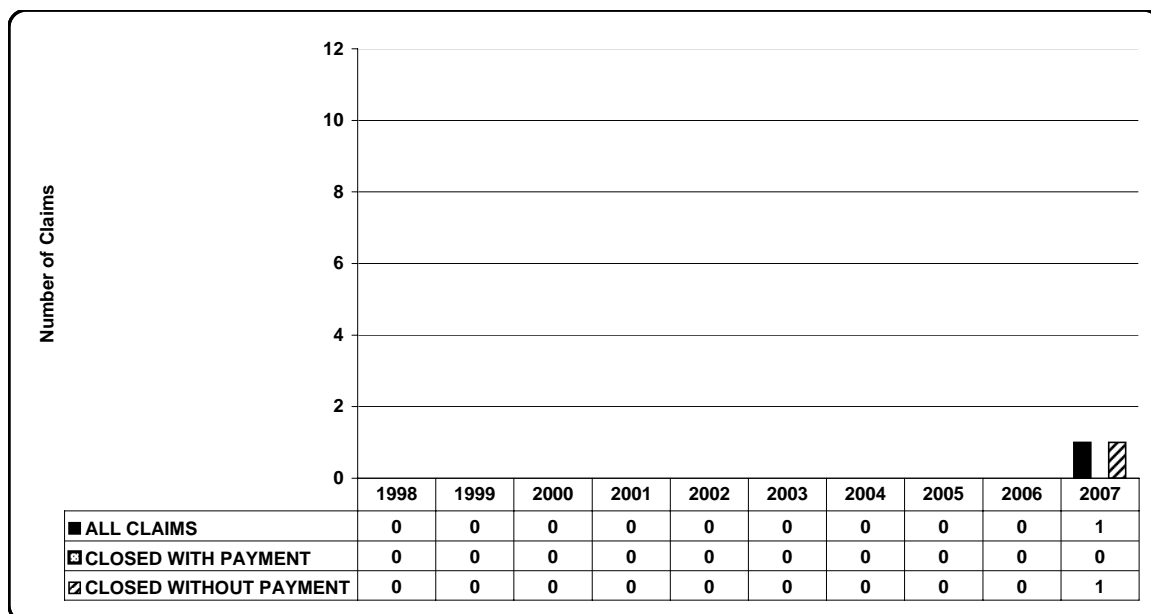


AFTER TRIAL OR HEARING, BEFORE JUDGMENT

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**

REAL ESTATE MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

FOR YEARS 1998 - 2007

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	418	109	68.55%	\$9,839	\$1,072,495	69.93%	\$4,707
4 TO 10 YEARS	176	33	20.75%	\$9,909	\$326,993	21.32%	\$3,332
UNDER 4 YEARS	48	17	10.69%	\$7,887	\$134,085	8.74%	\$3,971
TOTAL	642	159	100.00%	\$9,645	\$1,533,573	100.00%	\$4,275

REAL ESTATE MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

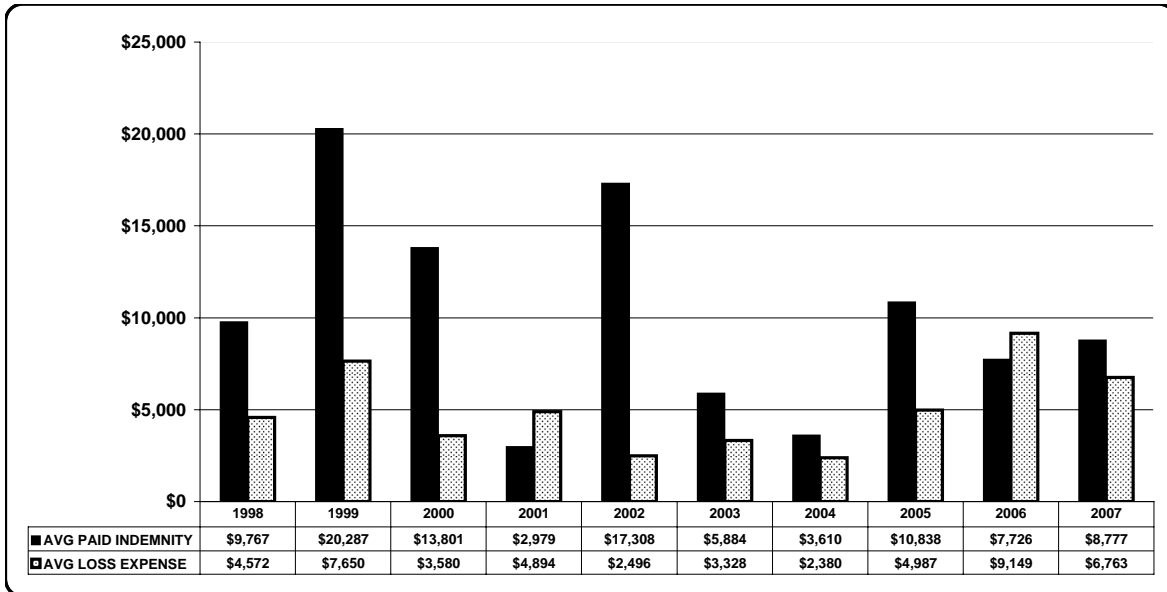
CLAIMS CLOSED IN 2007

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	59	17	56.67%	\$8,777	\$149,203	44.93%	\$6,763
4 TO 10 YEARS	25	9	30.00%	\$14,982	\$134,839	40.61%	\$5,191
UNDER 4 YEARS	13	4	13.33%	\$12,000	\$48,000	14.46%	\$4,419
TOTAL	97	30	100.00%	\$11,068	\$332,042	100.00%	\$6,044

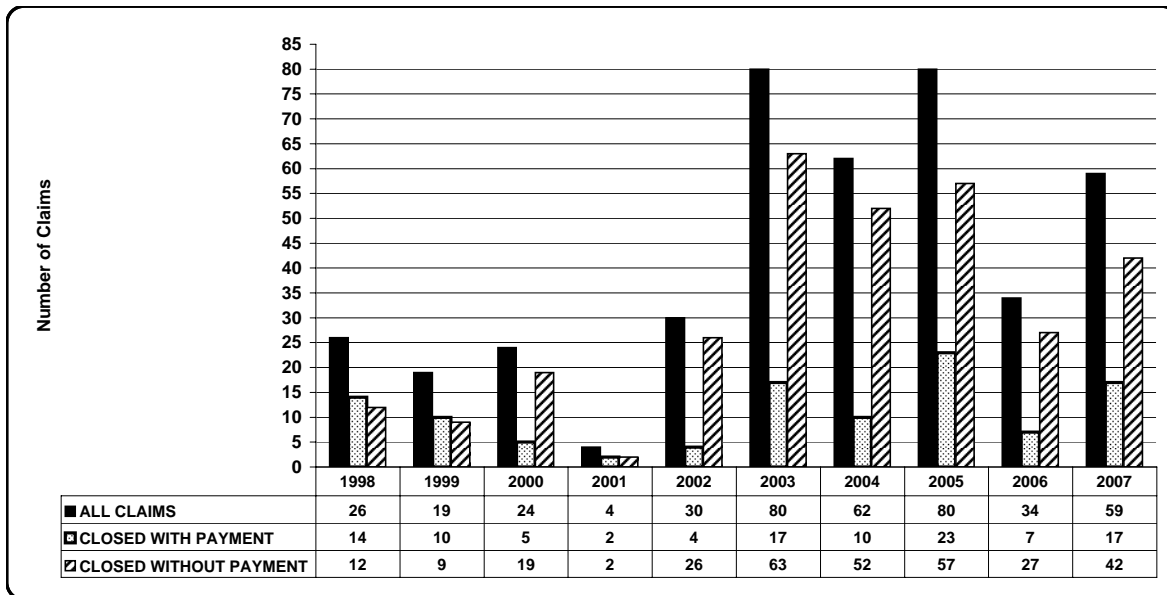
**YEARS ADMITTED TO PRACTICE
TRENDS
OF
2007**

OVER 10 YEARS

Average Paid Indemnity & Average Loss Expense

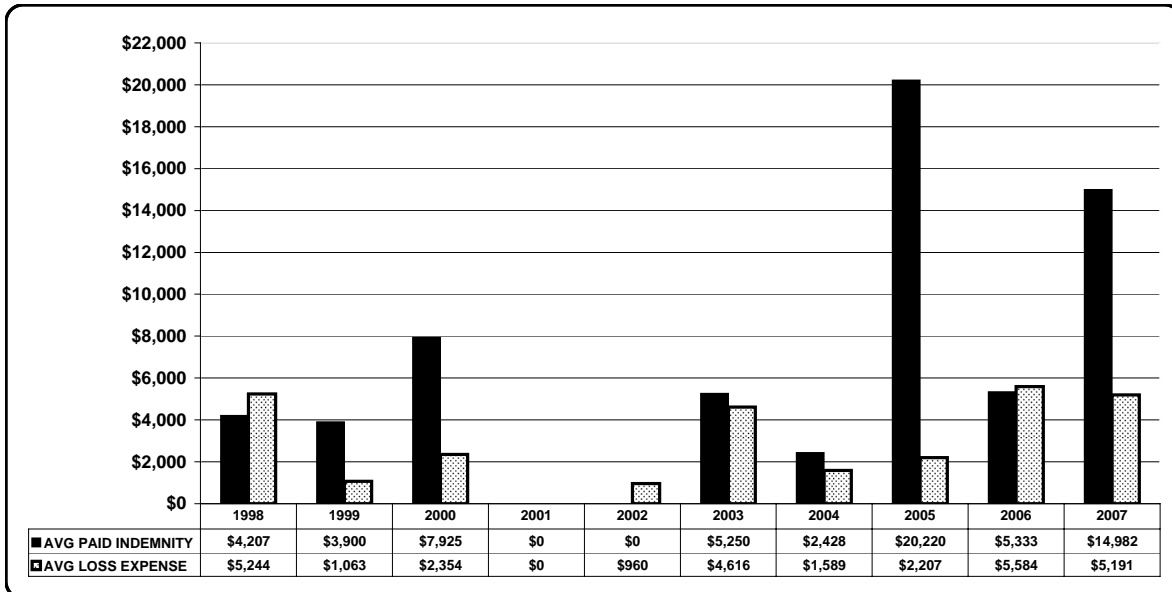


Claim Count

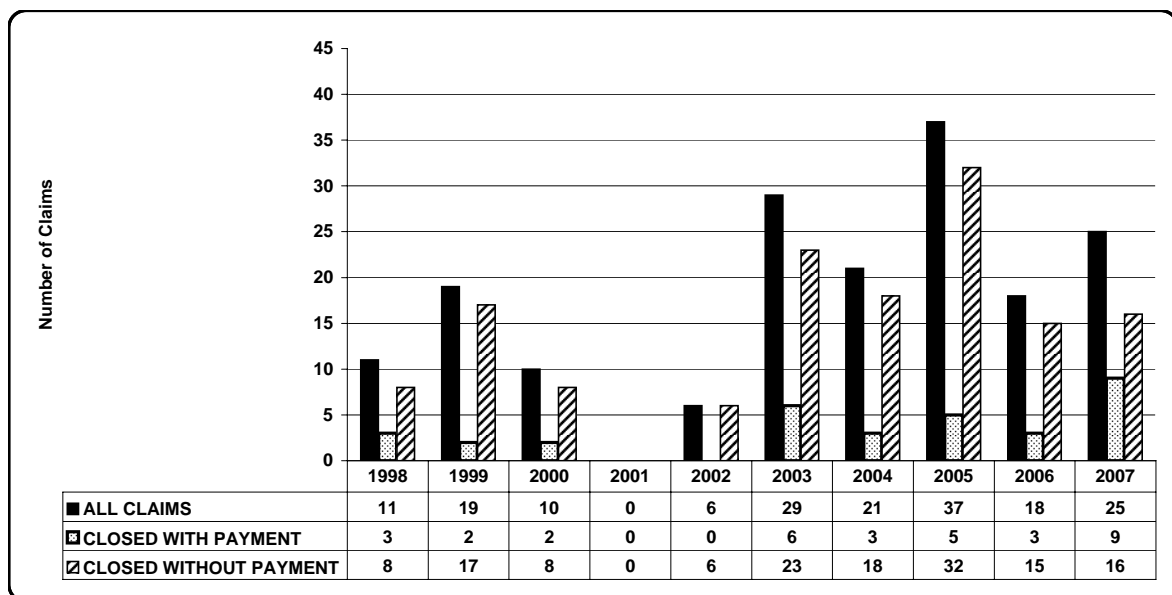


4 TO 10 YEARS

Average Paid Indemnity & Average Loss Expense

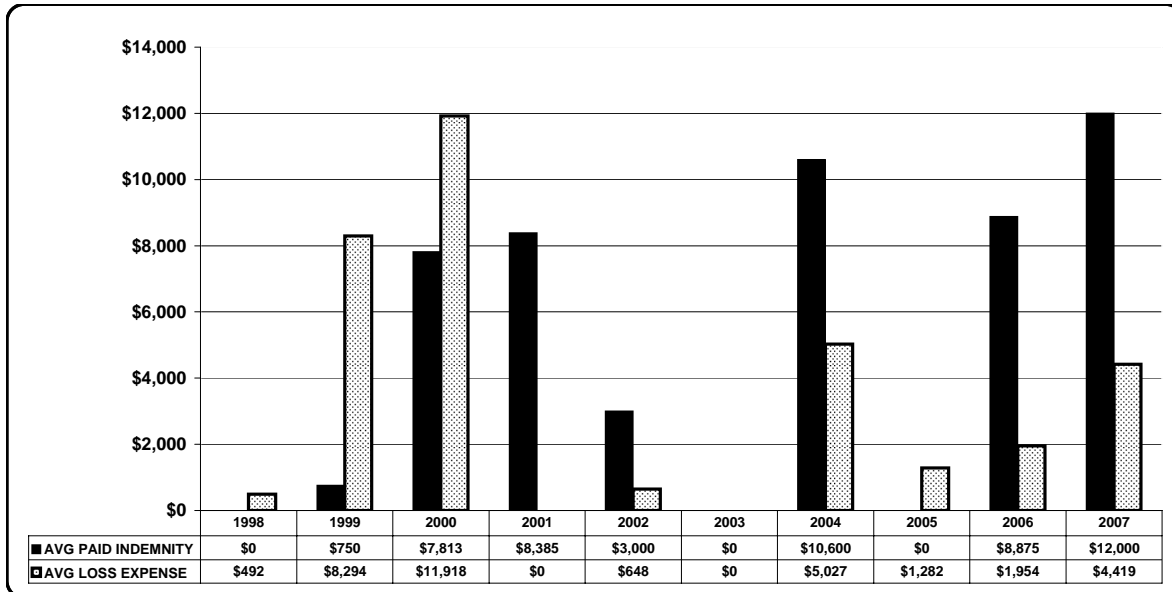


Claim Count

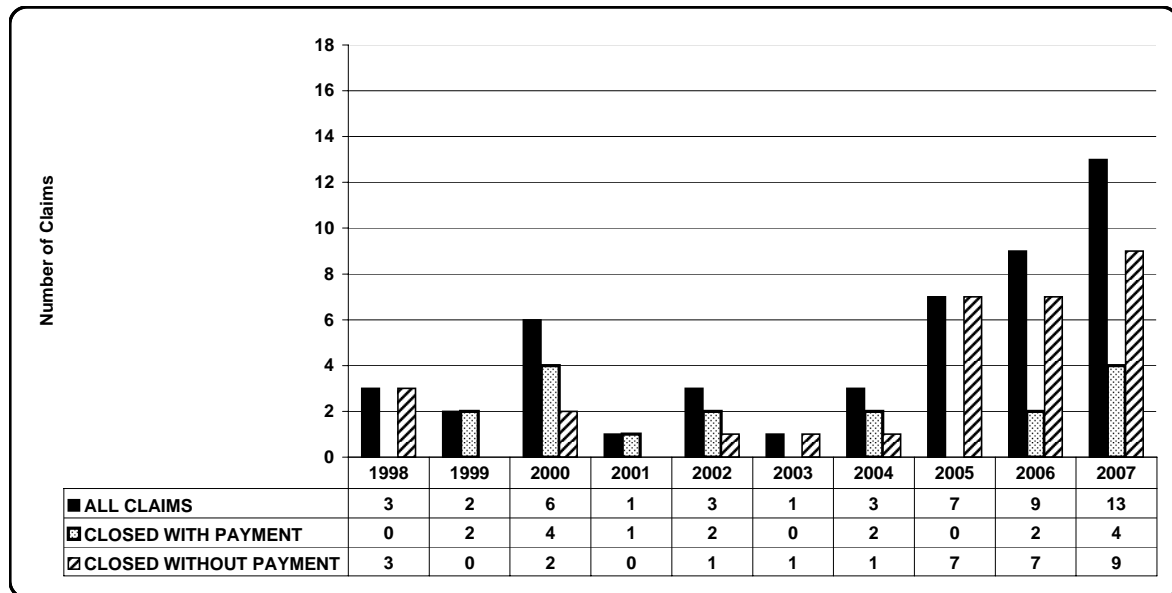


UNDER 4 YEARS

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1998 - 2007

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	387	91	57.23%	\$10,383	\$944,856	61.61%	\$4,239
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	255	68	42.77%	\$8,658	\$588,717	38.39%	\$4,328
TOTAL	642	159	100.00%	\$9,645	\$1,533,573	100.00%	\$4,275

REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY ANALYSIS

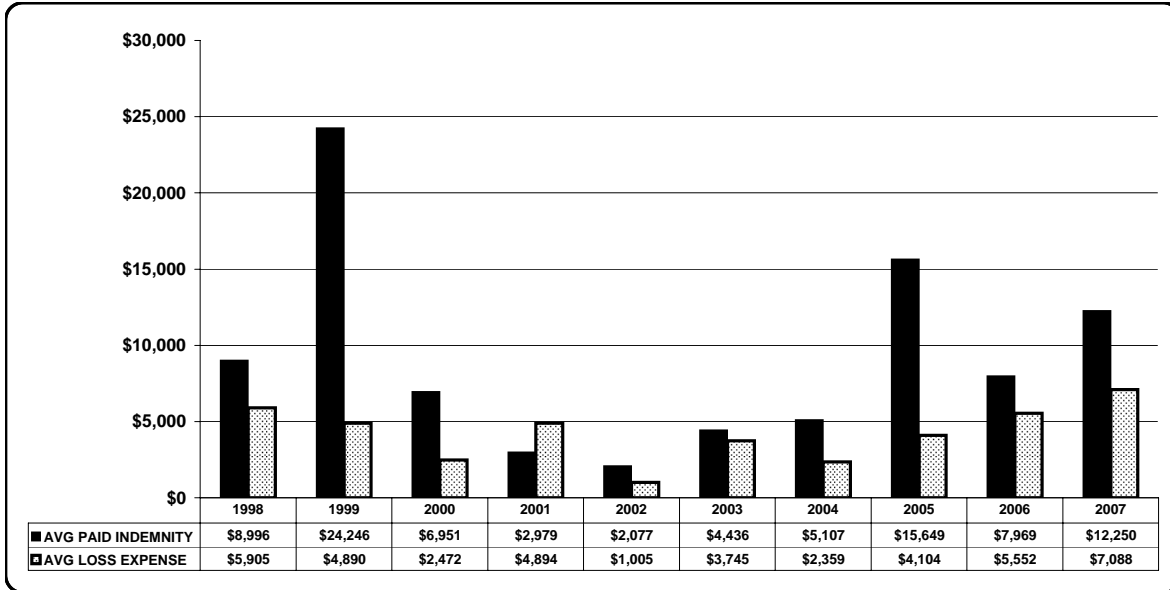
CLAIMS CLOSED IN 2007

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	52	17	56.67%	\$12,250	\$208,250	62.72%	\$7,088
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	45	13	43.33%	\$9,522	\$123,792	37.28%	\$4,838
TOTAL	97	30	100.00%	\$11,068	\$332,042	100.00%	\$6,044

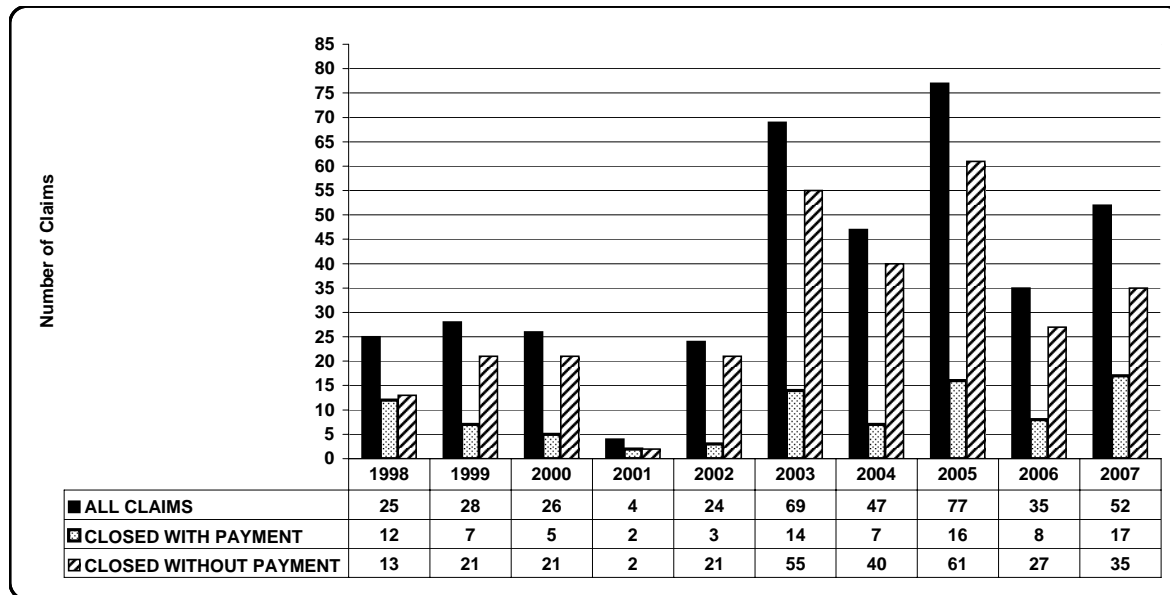
**INSURED/CLAIMANT RELATIONSHIP
TRENDS
OF
2007**

NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT

Average Paid Indemnity & Average Loss Expense

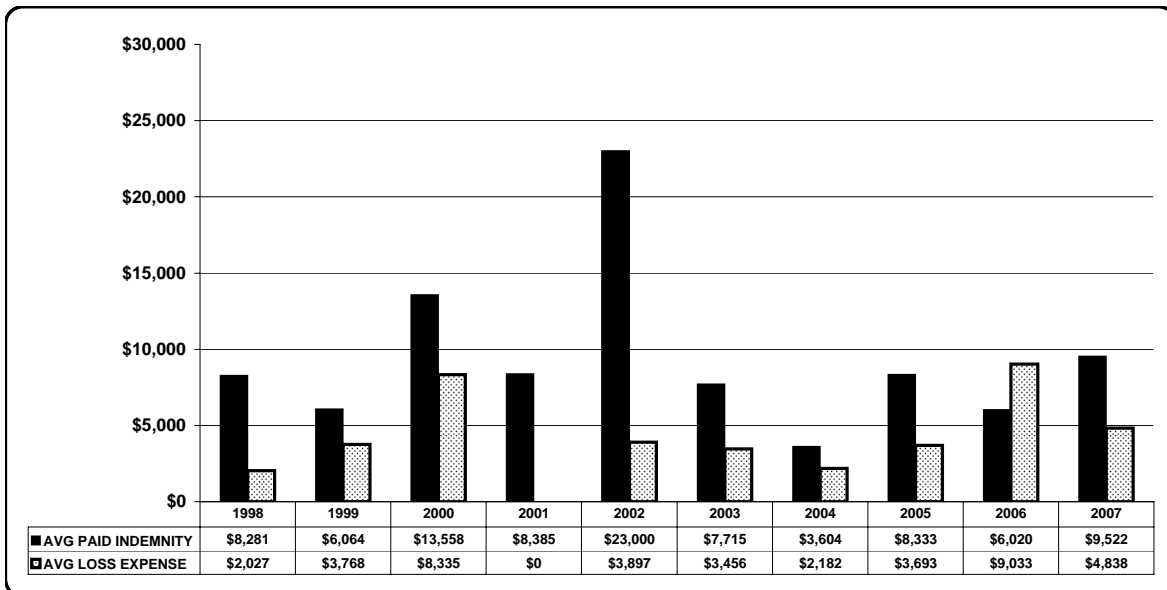


Claim Count

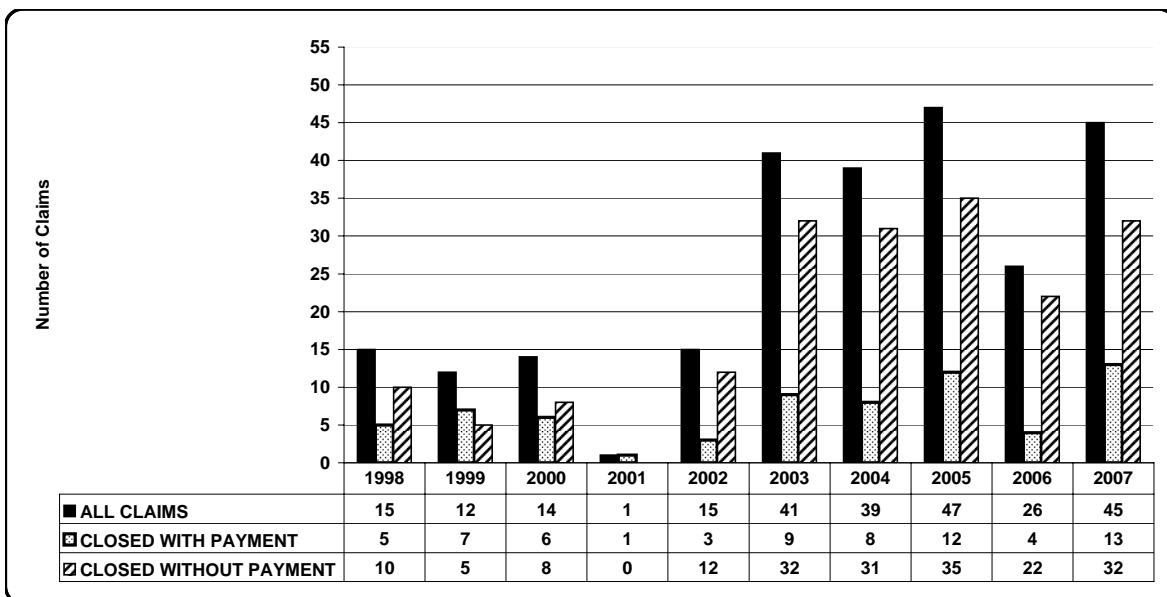


CONTRACTUAL RELATIONSHIP WITH CLAIMANT

Average Paid Indemnity & Average Loss Expense



Claim Count



**PREMIUM
AND
LOSS DATA**

PAGE 20 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE
WITH MARKET SHARE

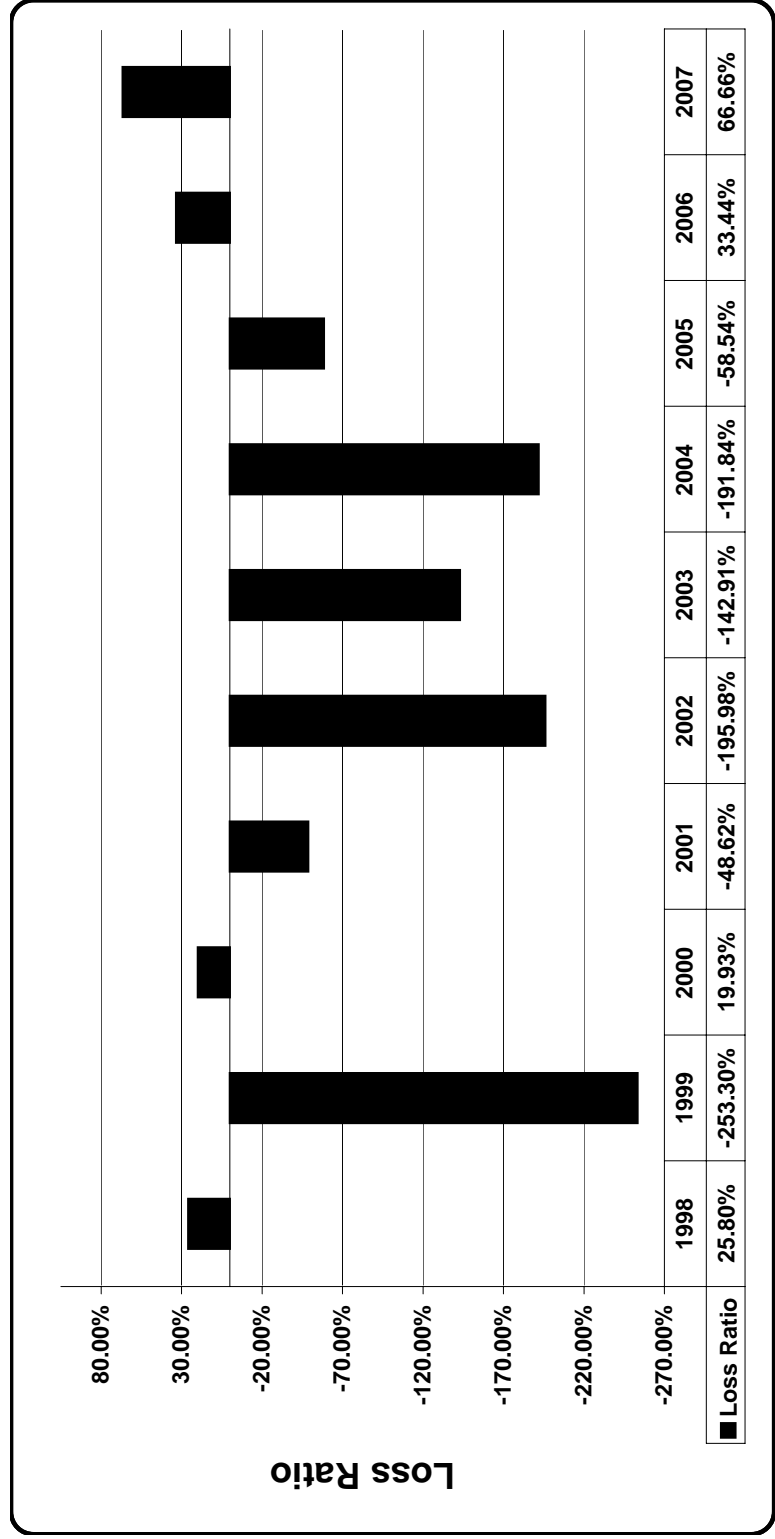
2007 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Losses Paid	Incurred Losses	Loss Ratio
20443	CONTINENTAL CASUALTY COMPANY	58.38%	\$1,507,278	\$1,292,219	\$200,546	\$797,332	61.70%
19410	COMMERCE AND INDUSTRY INSURANCE CO	19.76%	\$510,165	\$186,700	\$0	\$256,036	137.14%
24767	ST PAUL FIRE & MARINE INSURANCE COMPANY	10.29%	\$265,803	\$268,385	\$0	\$106,633	39.73%
25895	UNITED STATES LIABILITY INSURANCE COMPAN	4.22%	\$109,048	\$120,470	\$34,046	\$49,251	40.88%
22322	GREENWICH INSURANCE COMPANY	3.75%	\$96,790	\$100,612	\$0	\$52,967	52.64%
19380	AMERICAN HOME ASSURANCE COMPANY	3.60%	\$92,864	\$15,689	\$0	\$60,396	384.96%
TOTAL		100.00%	\$2,581,948	\$1,984,075	\$234,592	\$1,322,615	66.66%

TEN YEAR SUMMARY

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1998	\$1,559,815	\$1,688,776	\$435,667	25.80%
1999	\$412,988	\$117,643	-\$297,986	-253.30%
2000	\$450,419	\$80,699	\$16,082	19.93%
2001	\$627,684	-\$274,156	\$133,283	-48.62%
2002	\$1,106,459	-\$86,912	\$170,332	-195.98%
2003	\$1,502,753	-\$545,691	\$779,853	-142.91%
2004	\$2,195,145	-\$537,235	\$1,030,640	-191.84%
2005	-\$875,718	-\$905,386	\$530,005	-58.54%
2006	\$2,221,705	\$2,361,731	\$789,714	33.44%
2007	\$2,581,948	\$1,984,075	\$1,322,615	66.66%
10-Year Total	\$11,783,198	\$3,883,544	\$4,910,205	126.44%

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REAL ESTATE MALPRACTICE EXPERIENCE
TEN YEAR LOSS RATIO SUMMARY



DEFINITION OF TERMS

Market Share: The dollar amount of direct premium written by an insurer divided by the total amount of direct premiums written industry-wide for the particular line of business being analyzed, expressed as a percentage.

Written Premium: Amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Earned Premium: The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

Incurred Losses: The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

Indemnity Paid: The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

Loss Adjustment Expenses: The cost involved in an insurance companies adjustment of losses under a policy.

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